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## STAFF NOTES:

# Western Europe Canada International Organizations

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131

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## WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

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### *C O N T E N T S*

Bonn Sees Serious Difficulties in Resuming Oil Producer-Consumer Conference . . . . .	1
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August 19, 1975

~~SECRET~~

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Bonn Sees Serious Difficulties in Resuming  
Oil Producer-Consumer Conference

Bonn is uncertain about what steps the western industrial nations should take to ensure resumption of the conference between oil producers and consumers this fall. West German officials have concluded that disagreements over the conference format and the solidarity of developing nations and the oil producers on raw materials policy will hamper efforts to arrange the conference.

25X1C [REDACTED] that Bonn's pessimism is partly a result of the Schmidt government's reluctance to modify its policies on raw materials and relations with developing states. Given its deeply engrained belief in the benefits of the free market system, Bonn takes a negative view of commodity agreements and opposes the indexation of oil prices to manufactured goods. Government leaders are also concerned that any significant rise in prices would at a minimum, delay an economic upswing in West Germany and cost them votes in next year's national elections.

Foreign Office State Secretary Wischnewski who headed a recent fact-finding mission to several oil producing and developing countries indicated that Bonn is willing to consider various schemes to use the International Monetary Fund's gold reserves to help stabilize export earnings of raw materials producers. The reaction was generally lukewarm and Wischnewski detected no serious rift between the oil producers and the developing countries.

August 19, 1975

~~SECRET~~

West German officials are considering ways to avoid an open confrontation and are reportedly considering a proposal to institutionalize the conference, perhaps by creating a permanent secretariat, in order to reduce pressures for rapid progress.

These officials fear that continued dialogue may be undermined by opposition to Washington's proposal to allow only 15 nations to be represented in each of the three commissions proposed for the conference and the disagreement between Saudi Arabia and the US on the need for a fourth commission on monetary issues.

Bonn has endorsed a scenario for reconvening the conference presented by the US to the International Energy Agency last month. But a senior Foreign Ministry official has also indicated that Chancellor Schmidt is "well-disposed" to the idea of a separate monetary commission desired by the Saudis. West German officials have always had a strong interest in discussing the "petrodollar" issue directly with the oil producers, and Bonn is inclined to be flexible on this question in order to preserve the chances for a conference this fall. (Secret No Foreign Dissem/No Dissem Abroad/Background Use Only/ Controlled Dissem)

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